

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission's own motion,)	
regarding administration and operation of the)	Case No. U-13129
Low-Income and Energy Efficiency Fund.)	
_____)	

At the September 15, 2009 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Orjiakor N. Isiogu, Chairman
Hon. Monica Martinez, Commissioner
Hon. Steven A. Transeth, Commissioner

OPINION AND ORDER

The Customer Choice and Electricity Reliability Act, 2000 PA 141, authorized the creation of the Low-Income and Energy Efficiency Fund (LIEEF) administered by the Commission via grants to qualifying organizations. The purpose of the fund is to provide shut-off and other protection for low-income customers and to promote energy efficiency by all customer classes. The fund's original source of funding was the utilities' securitization savings that exceeded the amount needed to achieve a 5% electric rate reduction for residential and business customers. Until October 6, 2008, MCL 460.10d(7) provided for the use of a portion of the savings.

The Detroit Edison Company's (Detroit Edison) interim rate relief order issued on February 20, 2004 in Case No. U-13808 rolled the LIEEF funding requirement into base rates for Detroit Edison's electric customers and continued funding the LIEEF as part of the utility's cost of service. Consumers Energy Company's orders issued on December 22, 2005 in

Case No. U-14347 and November 21, 2006 in Case No. U-14547 has also made provisions for funding the LIEEF. In prior orders in this docket, the Commission established a framework for administering the LIEEF and procedures for considering specific proposals.

The Commission has issued orders approving 30 rounds of grants in the aggregate amount of \$541,599,401, and has administered funds specially allocated by the Legislature in the amount of \$25,000,000 from the LIEFF for a total of \$566,599,401.

On April 13, 2009, the Commission invited organizations to submit proposals for Michigan Energy Efficiency Grants to implement advanced energy storage technology through demonstration projects. An emphasis will be placed on energy storage performance, efficiency, and cost effectiveness of the technologies. By the May 7, 2009 deadline, the following organizations submitted proposals seeking a total of \$19,762,020: A123Systems, Inc.; FEV, Inc.; Ford Motor Company; Habitat for Humanity Detroit; Phoenix Environmental, Inc.; S & C Electric Company; U.S. United Energy Systems; and Wayne State University.

The Commission expresses its appreciation to the applicants for providing thoughtful proposals. In awarding the grants, the Commission used the selection criteria outlined in the Request for Proposals.

Based on its review of the applications, the Commission awards the following grants:

- A123Systems, Inc. - \$2,000,000 to demonstrate a smart grid stabilization system combined with renewable power sources that will enable their Michigan Center of Energy Excellence plant to produce the batteries that may enhance smart grid development.
- Ford Motor Company - \$2,000,000 to develop a demonstration site at the Michigan Assembly Plant in Wayne, a large scale Smart Renewable Power Storage system, to convert variable renewable power into firm dispatchable power, providing peak demand management.

For those grantees receiving less than requested in their proposals, the proportion of funds for direct assistance to indirect costs and overhead will remain the same as in their original requests.

The Commission directs the Commission Staff to complete the necessary grant agreement documents with the grantees. As always, the grants are contingent upon review and approval of the State Administrative Board.

THEREFORE, IT IS ORDERED that:

A. The following grants for a total of \$4 million are approved contingent upon the enactment of necessary appropriations for the fiscal year beginning October 1, 2009 and ending September 30, 2010:

- A123Systems, Inc. - \$2,000,000 to demonstrate a smart grid stabilization system combined with renewable power sources that will enable their Michigan Center of Energy Excellence plant to produce the batteries that may enhance smart grid development.
- Ford Motor Company - \$2,000,000 to develop a demonstration site at the Michigan Assembly Plant in Wayne, a large scale Smart Renewable Power Storage system, to convert variable renewable power into firm dispatchable power, providing peak demand management.

B. The Commission Staff shall complete the necessary grant agreement documents with the grantees.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

Orjiakor N. Isiogu, Chairman

Monica Martinez, Commissioner

Steven A. Transeth, Commissioner

By its action of September 15, 2009.

Mary Jo Kunkle, Executive Secretary